

TRANSPORTATION GENERAL OBLIGATION

BOND

2004 GENERAL SESSION

STATE OF UTAH

Sponsor: Dan R. Eastman

LONG TITLE

General Description:

This bill authorizes the issuance of general obligation bonds to fund transportation projects.

Highlighted Provisions:

This bill:

- ▶ modifies the Bonding Title by authorizing the issuance and sale of general obligation bonds by the State Bonding Commission for transportation projects;
- ▶ excludes those bonds from the statutory debt limit; and
- ▶ makes technical corrections.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

63-38c-402, as last amended by Chapter 266, Laws of Utah 2002

63B-1-306, as renumbered and amended by Chapter 86, Laws of Utah 2003

ENACTS:

63B-13-102, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **63-38c-402** is amended to read:

63-38c-402. Debt limitation -- Vote requirement needed to exceed limitation --**Exceptions.**

(1) (a) Except as provided in Subsection (1)(b), the outstanding general obligation debt of the state may not exceed 20% of the maximum allowable appropriations limit unless approved by more than a two-thirds vote of both houses of the Legislature.

(b) Notwithstanding the limitation contained in Subsection (1)(a), debt issued under the authority of the following parts or sections is not subject to the debt limitation established by this section:

- (i) Title 63B, Chapter 6, Part 2, 1997 Highway General Obligation Bond Authorization;
- (ii) Title 63B, Chapter 6, Part 3, 1997 Highway Bond Anticipation Note Authorization;
- (iii) Title 63B, Chapter 7, Part 2, 1998 Highway General Obligation Bond Authorization;
- (iv) Title 63B, Chapter 7, Part 3, 1998 Highway Bond Anticipation Note Authorization;
- (v) Title 63B, Chapter 8, Part 2, 1999 Highway General Obligation Bond Authorization;
- (vi) Title 63B, Chapter 8, Part 3, 1999 Highway Bond Anticipation Note Authorization;
- (vii) Title 63B, Chapter 9, Part 2, 2000 Highway General Obligation Bond;
- (viii) Title 63B, Chapter 10, Part 1, 2001 Highway General Obligation Bond;
- (ix) Title 63B, Chapter 10, Part 2, 2001 Highway General Obligation Bond Anticipation Notes;

(x) Title 63B, Chapter 11, Part 5, 2002 Highway General Obligation Bond for Salt Lake County; ~~and~~

(xi) Title 63B, Chapter 11, Part 6, 2002 Highway General Obligation Bond Anticipation Notes for Salt Lake County Authorization[-]; and

(xii) Section 63B-13-102.

(2) This section does not apply if contractual rights will be impaired.

Section 2. Section **63B-1-306** is amended to read:

63B-1-306. Obligations issued by authority -- Limitation of liability on obligations -- Limitation on amount of obligations issued.

(1) (a) All obligations issued by the authority under this part shall be limited obligations of

the authority and may not constitute, nor give rise to, a general obligation or liability of, nor a charge against the general credit or taxing power of, this state or any of its political subdivisions.

(b) This limitation shall be plainly stated upon all obligations.

(2) (a) No authority obligations incurred under this section may be issued in an amount exceeding the difference between the total indebtedness of the state and an amount equal to 1-1/2% of the value of the taxable property of the state.

(b) Debt issued under authority of the following parts or sections may not be included as part of the total indebtedness of the state of Utah in determining the debt limit established by this Subsection (2):

- (i) Title 63B, Chapter 6, Part 2, 1997 Highway General Obligation Bond Authorization;
- (ii) Title 63B, Chapter 6, Part 3, 1997 Highway Bond Anticipation Note Authorization;
- (iii) Title 63B, Chapter 7, Part 2, 1998 Highway General Obligation Bond Authorization;
- (iv) Title 63B, Chapter 7, Part 3, 1998 Highway Bond Anticipation Note Authorization;
- (v) Title 63B, Chapter 8, Part 2, 1999 Highway General Obligation Bond Authorization;
- (vi) Title 63B, Chapter 8, Part 3, 1999 Highway Bond Anticipation Note Authorization;
- (vii) Title 63B, Chapter 9, Part 2, 2000 Highway General Obligation Bond;
- (viii) Title 63B, Chapter 10, Part 1, 2001 Highway General Obligation Bonds; [~~and~~]
- (ix) Title 63B, Chapter 10, Part 2, 2001 Highway General Obligation Bond Anticipation Notes;

(x) Title 63B, Chapter 11, Part 5, 2002 Highway General Obligation Bonds for Salt Lake County; [~~and~~]

(xi) Title 63B, Chapter 11, Part 6, 2002 Highway General Obligation Bond Anticipation Notes for Salt Lake County[:]; and

(xii) Section 63B-13-102.

(c) Debt issued under authority of Section 63B-7-503 may not be included as part of the total indebtedness of the state in determining the debt limit established by this Subsection (2).

(3) The obligations shall be authorized by resolution of the authority, following approval of the Legislature, and may:

- (a) be executed and delivered at any time, and from time to time, as the authority may determine;
 - (b) be sold at public or private sale in the manner and at the prices, either at, in excess of, or below their face value and at the times that the authority determines;
 - (c) be in the form and denominations that the authority determines;
 - (d) be of the tenor that the authority determines;
 - (e) be in registered or bearer form either as to principal or interest or both;
 - (f) be payable in those installments and at the times that the authority determines;
 - (g) be payable at the places, either within or without this state, that the authority determines;
 - (h) bear interest at the rate or rates, payable at the place or places, and evidenced in the manner, that the authority determines;
 - (i) be redeemable before maturity, with or without premium;
 - (j) contain any other provisions not inconsistent with this part that are considered to be for the best interests of the authority and provided for in the proceedings of the authority under which the bonds are authorized to be issued; and
 - (k) bear facsimile signatures and seals.
- (4) The authority may pay any expenses, premiums, or commissions, that it considers necessary or advantageous in connection with the authorization, sale, and issuance of these obligations, from the proceeds of the sale of the obligations or from the revenues of the projects involved.

Section 3. Section **63B-13-102** is enacted to read:

63B-13-102. Highway bonds -- Maximum amount -- Projects authorized.

- (1) The total amount of bonds issued under this part may not exceed \$50,000,000.
- (2) (a) Proceeds from the issuance of bonds shall be provided to the Department of Transportation to provide funds to pay all or part of the costs of state highway construction or reconstruction projects.
- (b) These costs may include the cost of acquiring land, interests in land, easements and

rights-of-way, improving sites, and making all improvements necessary, incidental, or convenient to the facilities, interest estimated to accrue on these bonds during the period to be covered by construction of the projects plus a period of six months after the end of the construction period, interest estimated to accrue on any bond anticipation notes issued under the authority of this title, and all related engineering, architectural, and legal fees.

(3) The commission or the state treasurer may make any statement of intent relating to a reimbursement that is necessary or desirable to comply with federal tax law.

(4) The Department of Transportation may enter into agreements related to projects before the receipt of proceeds of bonds issued under this chapter.